

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 140170
ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 FEA-01 AGRE-00
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02
AID-05 SS-15 STR-04 ITC-01 USIA-06 PRS-01 SP-02
OMB-01 /088 R

DRAFTED BY EB/OT/STA:MCJONES:JH
APPROVED BY EB/OT/STA:JSSPIRO
TREAS:RSELF
EUR/WE:JLIMPRECHT
-----170535Z 106165 /12
R 162055Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY MADRID

LIMITED OFFICIAL USE STATE 140170

EO. 11652: N/A

TAGS: ETRD, SP

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- FOOTWEAR
FROM SPAIN

REF: A) STATE 131357 5/27/76 B) MADRID A-145 8/5/76

1. IN MAY 1976 EMBASSY SUBMITTED TO SPANISH GOVERNMENT
SUPPLEMENTAL QUESTIONS (REF A) ON FOOTWEAR AND BOTTLED
OLIVES FOR THE PURPOSE OF DETERMINING IF THE COUNTERVAILING
DUTY RATES FOR THOSE PRODUCTS WERE ACCURATE. A REPLY
(REF B) WAS RECEIVED IN AUGUST 1976. AFTER ANALYSIS
TREASURY DETERMINED THAT WHILE NO FURTHER QUESTIONS REMAINED
ON BOTTLED OLIVES, FURTHER INFORMATION WAS NEEDED ON FOOTWEAR
WEAR. TREASURY DEPUTY ASSISTANT SECRETARY PETER O. SUCHMAN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 140170

SENT THESE QUESTIONS TO MR. SIERRA OF THE SPANISH EMBASSY
IN A LETTER DATED FEBRUARY 7, 1977, FOLLOWING MR. SUCHMAN'S
DISCUSSIONS WITH SPANISH OFFICIALS IN JANUARY ON COUNTER-
VAILING DUTIES. THE ADDITIONAL INFORMATION REQUESTED IS
AS FOLLOWS: BEGIN TEXT.

(1) WITH RESPECT TO QUESTIONS FOUR AND FIVE RELATING TO

"REVOLVING CREDIT" FOR EXPORTS, WE WOULD LIKE A MORE DETAILED EXPLANATION AS TO THE INTEREST RATE DIFFERENTIAL AND THE MANNER IN WHICH THIS FORM OF CREDIT IS EXTENDED.

SPECIFICALLY WE NEED CURRENT INTEREST RATES FOR SIMILAR COMMERCIAL LOANS AS COMPARED TO THE RATE CHARGED UNDER THE REVOLVING CREDIT PROGRAM. PLEASE EXPLAIN WHY THE LIMITATION OF THE GUARANTEES REQUIRED BY THE BANKING SECTOR RESULTS IN AN APPROXIMATE ADVANTAGE TO THE EXPORTER OF ONLY .1 PERCENT TO .15 PERCENT AND THE MATHEMATIC COMPUTATIONS LEADING TO THAT ESTIMATE. FINALLY, WE WOULD APPRECIATE DATA FROM APPROXIMATELY 25 FOOTWEAR COMPANIES OF VARYING SIZES SELECTED AT RANDOM SHOWING THEIR UTILIZATION OF THE REVOLVING CREDIT.

(2) WE NEED DESCRIPTIVE INFORMATION ABOUT THOSE PROGRAMS ENUMERATED IN QUESTION 6 OF THE JUNE INQUIRY AND THE EXTENT TO WHICH THEY ARE USED BY THE NON-RUBBER FOOTWEAR INDUSTRY. SPECIFICALLY I REFER TO THOSE PROGRAMS YOUR GOVERNMENT INDICATED COULD BE UTILIZED BY THE FOOTWEAR INDUSTRY INCLUDING MINISTRY OF FINANCE ORDERS OF 9/7/74, DECREE 2873/74. DECREE 1839/74, AND MINISTRY OF FINANCE ORDER 20/2/75.

WE ALSO NEED INFORMATION RELATING TO THE PURPOSE OF THESE PROGRAMS AND THE CRITERIA FOR QUALIFYING UNDER THEM.
END TEXT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 140170

MR. SUCHMAN HAS RECENTLY RECEIVED THE FOLLOWING LETTER FROM MR. SIERRA DATED JUNE 2, 1977. BEGIN TEXT.

IN CONNECTION WITH YOUR LETTER OF FEBRUARY 7, 1977 RELATING TO THE JUNE 1976 INQUIRY BY THE TREASURY OF ADDITIONAL ISSUES ON THE NON-RUBBER FOOTWEAR CASE, I HAVE THE PLEASURE TO TRANSCRIBE HEREBELOW A COMMUNICATION FROM OUR MINISTRY OF COMMERCE WHICH TRANSLATED INTO ENGLISH READS AS FOLLOWS:

"I REFER TO THE LETTER OF THE ASSISTANT SECRETARY OF THE DEPARTMENT OF THE TREASURY IN CONNECTION WITH THE SUPPLEMENTARY QUESTIONS RELATING TO COUNTERVAILING DUTIES ON FOOTWEAR.

THE U.S. EMBASSY IN MADRID MAY EASILY KNOW AND UNDERSTAND THE EXPLANATION OF THE EXPORT REVOLVING CREDIT PROCEDURE. SHOULD THE COUNSELOR OR ATTACHE TO THE U.S. EMBASSY NEED

ADDITIONAL INFORMATION, THE MINISTRY OF COMMERCE, SPECIFICALLY THE SUBDIRECCION DE FOMENTO A LA EXPORTACION OF THE DIRECCION GENERAL DE EXPORTACION MAY FURNISH IT.

AS FOR THE REFERENCES TO THE VARIOUS MINISTRY OF FINANCE ORDERS, THE AUTHORITIES OF THE U.S. EMBASSY IN MADRID MAY ALSO KNOW THE CONTENTS OF THESE ORDERS AND FOR ADDITIONAL INFORMATION THEY MAY CONTACT THE DIRECCION GENERAL DE ORDENACION DE PRODUCTOS INDUSTRIALES OF THE DIRECCION GENERAL DE EXPORTACION".

TRUSTING THAT THIS INFORMATION WILL BE USEFUL. END TEXT.

3. GOS HAS THUS PRESENTED TREASURY WITH A POTENTIALLY SERIOUS PROBLEM. THE JUNE 2 LETTER SEEMS TO INDICATE THAT THE GOS HAS ELECTED NOT TO REPLY FURTHER TO OUR QUESTIONS. TREASURY HAS RECEIVED REPEATED CALLS FROM LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 140170

U.S. INDUSTRY REPRESENTATIVES REQUESTING ANSWERS TO THE INDUSTRY ALLEGATIONS (REF A) AND REGRETTING THE INVESTIGATION HAD NOT BEEN FORMALLY REOPENED IN WHICH CASE TREASURY WOULD HAVE BEEN LOCKED INTO STATUTORY TIME LIMITS. (FYI. A FEW COUNTERVAIL INVESTIGATIONS SUCH AS FOOTWEAR FROM ARGENTINA AND TOMATOES FROM ITALY HAVE BEEN REOPENED WITH THE PUBLICATION OF A NOTICE IN THE FEDERAL REGISTER WITH THE ONE YEAR TIME LIMIT APPLYING. END FYI.) WE HAVE ASSURED U.S. INDUSTRY THAT REPLIES WOULD BE FORTHCOMING SOON AND THAT GOS HAS INDICATED GOOD INTENTIONS, AS REFLECTED BY HELPFUL RESPONSE LAST SUMMER. JUNE 2 LETTER CONTRADICTS ALL OF THIS AND TREASURY WILL BE LEFT IN A POSITION WHERE IT MUST PROCEED QUICKLY ON THE BASIS OF THE BEST INFORMATION AVAILABLE TO IT UNLESS GOS CHANGES ITS POSTURE. FYI. RESPONSE BY SPANISH LAST SUMMER ENABLED TREASURY TO DROP ALLEGATIONS CONCERNING BOTTLED OLIVES BECAUSE OF SPECIFICITY OF REPLY. IN CONTRAST, PRESENT SITUATION COULD LEAD TO INCREASED COUNTERVAILING DUTIES ON FOOTWEAR. END FYI.

4. IF EMBASSY HAS INFORMATION INDICATED BY GOS LETTER OR DATA REQUESTED BY TREASURY LETTER, PLEASE PROVIDE IT ASAP. WE ASSUME, HOWEVER, THAT EMBASSY WOULD NOT HAVE AVAILABLE TO IT THE MORE DETAILED INFORMATION CONCERNING THE PROGRAMS' UTILIZATION FROM A SAMPLE OF FIRMS.

5. TREASURY HAS BEEN DISCUSSING DATE FOR U.S.-SPANISH DISCUSSIONS ON COUNTERVAIL IN WASHINGTON WITH MR. SIERRA. IT IS NOW VIRTUALLY CERTAIN THAT THESE DISCUSSIONS WILL TAKE PLACE JULY 5. EMBASSY IS REQUESTED TO DETERMINE WHAT GOS INTENTIONS ARE WITH RESPECT TO REPLYING IN

FULL TO THE QUESTIONS RAISED IN FEBRUARY 7 LETTER AND
TO INFORM GOS OF POTENTIAL CONSEQUENCES OF JUNE 2 LETTER.
IF RESPONSE NOT AVAILABLE AT TIME OF U.S.-SPANISH DIS-
CUSSIONS, TREASURY WILL CONCLUDE THAT THE GOS IS NOT
GOING TO COOPERATE FURTHER AND WILL PROCEED ACCORDINGLY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 140170

TO RESOLVE THESE ISSUES. FYI. THE SPANISH EMBASSY HERE
HAS BEEN NOTIFIED OF THESE CONCERNS INFORMALLY. END
FYI. CHRISTOPHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE140170
Document Source: CORE
Document Unique ID: 00
Drafter: MCJONES:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770216-0519
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770648/aaaabqnx.tel
Line Count: 184
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7eba7c7b-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 131357, 77 MADRID A-145
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2121546
Secure: OPEN
Status: NATIVE
Subject: COUNTERVAILING DUTY INVESTIGATION -- FOOTWEAR FROM SPAIN
TAGS: ETRD, SP, US
To: MADRID
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/7eba7c7b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009